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Midland IC&I Limited
美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

CONNECTED TRANSACTIONS LEASES AND LICENCE WITH CONNECTED PERSONS

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements and licence agreement with certain connected persons of the Company, details of which are provided for information in this announcement.

As one or more of the applicable percentage ratios in respect of the Lease Renewal exceed 0.1% but are less than 5%, and the consideration amount exceeds HK\$3,000,000, the Lease Renewal is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of each of the Lease and the Licence are less than 5% and the respective consideration amount is less than HK\$3,000,000. Accordingly, each of the Lease and the Licence is fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements and licence agreement with certain connected persons of the Company, details of which are provided for information as follows.

PRINCIPAL TERMS OF THE LEASE RENEWAL

1. DATE

30 April 2019

* For identification purpose only

2. Parties

- (i) Midland Alliance, a wholly-owned subsidiary of the Company, as tenant
- (ii) Shun Yik, a company wholly-owned by an associate of Ms. TANG and Ms. WONG (both executive Directors), as landlord and a connected person of the Company. The principal business of Shun Yik is property investment.

3. Premises

Nos. 11-17, 7th Floor, Tower B, New Mandarin Plaza, 14 Science Museum Road, Kowloon, Hong Kong

4. Term

Three years from 1 May 2019 to 30 April 2022 (both days inclusive)

5. Rental amount

HK\$250,000 per month from 1 May 2019 to 30 April 2022 (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

PRINCIPAL TERMS OF THE LEASE

1. Date

1 May 2018

2. Parties

- (i) Midland Alliance
- (ii) Shun Yik

3. Premises

Nos. 11-17, 7th Floor, Tower B, New Mandarin Plaza, 14 Science Museum Road, Kowloon, Hong Kong

4. Term

One year from 1 May 2018 to 30 April 2019 (both days inclusive)

5. Rental amount

HK\$235,000 per month from 1 May 2018 to 30 April 2019 (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

PRINCIPAL TERMS OF THE LICENCE

1. Date

23 October 2017

2. Parties

- (i) Crown Lucky, a wholly-owned subsidiary of the Company, as licensee
- (ii) Moral Winner, a company wholly-owned by an associate of Ms. TANG and Ms. WONG (both executive Directors), as licensor and a connected person of the Company. The principal business of Moral Winner is property investment.

3. Subject matter of the Licence

Licence to install a billboard at the lower part of the external wall facing Shanghai Street of the building known as “No. 33 Argyle” at 611-617 Shanghai Street and 33 Argyle Street, Kowloon, Hong Kong

4. Term

Two years from 1 November 2017 to 31 October 2019 (both days inclusive)

5. Licence fee

HK\$87,000 per month (exclusive of rates), payable in advance on the first day of each calendar month

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE RENEWAL, THE LEASE AND THE LICENCE

The Group is principally engaged in the provision of property agency services in respect of industrial and commercial properties and shops in Hong Kong. The premises under the Lease and the Lease Renewal are used as office, while the billboard under the Licence is used for marketing and promotion, in each case in the ordinary and usual course of the real estate agency business of the Group.

The terms of the Lease Renewal, the Lease and the Licence were separately determined after separate arm's length negotiations between the relevant parties with reference to the then prevailing market conditions. The Directors (including the independent non-executive Directors) are of the view that the Lease Renewal, the Lease and the Licence were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that their terms are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Ms. TANG and Ms. WONG were considered to be materially interested in the Lease Renewal, the Lease and the Licence and have abstained from voting at the Board meeting on the relevant resolutions approving the same.

LISTING RULES IMPLICATIONS

As each of Shun Yik and Moral Winner is a connected person of the Company, transactions entered into between any of them and the Group would constitute connected transactions.

The HKFRS applicable to the Group include HKFRS 16 "Leases" which has come into effect on 1 January 2019. In accordance with HKFRS 16 "Leases", the Group is expected to recognise the value of the right-of-use assets on its balance sheet in connection with the Lease Renewal, this transaction will be regarded as acquisition. As one or more of the applicable percentage ratios in respect of the Lease Renewal exceed 0.1% but are less than 5%, and the consideration amount exceeds HK\$3,000,000, the Lease Renewal is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of each of the Lease and the Licence are less than 5% and the respective consideration amount is less than HK\$3,000,000. Accordingly, each of the Lease and the Licence is fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Lease, the Lease Renewal and the Licence were not made under any master agreement, were negotiated and concluded at the different times, involved different assets and were in line with the principal business of the Group.

DEFINITIONS

The following terms in this announcement have the meanings as respectively ascribed below:

"associate"	has the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors

“Company”	Midland IC&I Limited (Stock Code: 459), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Crown Lucky”	Crown Lucky Investment Limited, a company incorporated in Hong Kong with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease”	the tenancy agreement dated 1 May 2018 entered into between Midland Alliance and Shun Yik, details of which are set out under the section headed “Principal terms of the Lease” in this announcement
“Lease Renewal”	the tenancy agreement dated 30 April 2019 entered into between Midland Alliance and Shun Yik, details of which are set out under the section headed “Principal terms of the Lease Renewal” in this announcement
“Licence”	the licence agreement dated 23 October 2017 entered into between Crown Lucky and Moral Winner, details of which are set out under the section headed “Principal terms of the Licence” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midland Alliance”	Midland Alliance Limited, a company incorporated in Hong Kong with limited liability
“Moral Winner”	Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability
“Ms. TANG”	Ms. TANG Mei Lai, Metty, an executive Director

“Ms. WONG”	Ms. WONG Ching Yi, Angela, an executive Director
“percentage ratio(s)”	has the meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Shun Yik”	Shun Yik International Limited, a company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Midland IC&I Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 30 April 2019

As at the date of this announcement, the Board comprises eight Directors, of which three are Executive Directors, namely Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; two are Non-Executive Directors, namely Mr. KAN Chung Nin, Tony and Mr. TSANG Link Carl, Brian (with Mr. CHU Kuo Fai, Gordon as his alternate); and three are Independent Non-Executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.